MINUTE BY MR.BER'S NOTE ON THE QUESTION OF THE MYSORE AGENCY IN LONDON.

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Dated 9th April 1920.

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One of the subjects included in the work of my deputation to England was - SETTLING A NEW SANDALWOOD AGENCY IN LONDON. To this, was added another, namely, arrangements in regard to the marketing of sandalwood oil in Europe and America. (Vide Government Order dated the 16th January 1920).

On the 15th September last, I sent to the Chief Secretary a letter on the subject of the general agency contract proposed to be given to Messrs: Jeremiah Lyons and Co., enclosing notes of discussion with the senior partner thereof, Mr.Henry Lyon. (See the enclosed.) From the estimate of probable requirements of Europe articles for three years, it was found that at least 30 lakhs of rupees worth of goods are likely to be imported per annum from Europe. This does not include of course, materials required for Iron Works, Electrical or the Military Department. The previous day, I wrote privately to the Dewan Secretary to the following effect:-

"The Mysore agency has created quite a feeling in "the Press. It was, as you know, not my selection. "However, I am sending the papers to the Chief Se-"cretary officially with a suggestion not to commit "Government to any arrangement for a definite period "by any influential private friend's say that it is "better to have advisory agent of good standing on "the spot or not at all events for a certain period".

Subsequently, I did consider the matter carefully and also read from the newspapers the evil

of the Government of India scheme and the efforts to do away with the Stores Department of the India Office and to appoint in London a High Commissioner for India, I threw out in a letter to the Under Secretary, of the 1st October, a suggestion to have an official representative of the Mysore Government in London. In the same letter, I mentioned this question specially in connection with an offer from Sandle Engineering Co., containing a consulting fee of 4,000 pounds per annum for offering their services as consulting engineers.

Mr. Iris in his letter dated the 8th October, replied to me on this subject as follows:-

"Sir Tijiness seems to like your idea of having an official representative of the Mysore Government in London and he will be obliged if you would kindly go deeply into the question and work out details for his consideration"..

An extract from the letter to Mr. Iris written about the same time by myself is given below:-

"Our agents once and above anxiety that their agreement was not signed. I explained that the question of a general Mysore official agency is one of is but that till then, they can act as agents and all will be settled after return. I have had no time to work up details of that scheme yet - but roughly my idea is to have a to man on sufficient pay in an administrative head, an o some experience who will command respect also here, a number then there still be sections as follows:-

CHIEF MYSORE REPRESENTATIVE.

Engineering Section in charge of an officer of the Exec. Engineer and one Assistant.	Political Section, in charge of a Mysore Civil Servant.	Commercial Section in ch: of an officer of Acc. Service.

Under (1) all engineering problems and requirements will be dealt with. Under (2), all political, administrative and financial. Under (3) all industrial and commercial matters. The cost of this will be less than that of an agency on 2½ per cent commission basis. I will work up further details with detail comparative figures when I return. As there is much money that always passes as "little man's commission, it is essential to get together the most disinterested and highly scrupulous officers".

The present arrangements for dealing with Mysore business abroad are defective. As there is an agency agreement with messrs. Whiffens & Sons for the sale of sandalwood oil in London, England, France and America. The manner in which Mysore Government interests are neglected by this firm of agents will be clear from a perusal of my confidential note on the sandalwood oil business in London, based on my recent enquiries in England in the matter. I have written several letters to the Secretary, [illegible], as well as to the Dewan Secretary on the subject from time to time, from which, it will be evident that it is absolutely necessary for a representative of the Mysore Government to constantly go to safeguard our interests in regard to this large industry and that a commission agent cannot be trusted to do the best for Mysore in this respect. My direct interference owing to the exigencies of the market as well as possibilities of serious loss at critical moments, has resulted in increased revenue in at least two important directions and has also resulted in considerable savings on account of commission payable to this agency firm. The agents have earned a commission of nearly 10,000 pounds already, a remuneration in respect of which, the Mysore Govt: have not received adequate services. The method of obtaining supplies from Europe which is attempted to be systematized by the appointment of a general agency firm in London to deal with all indents, has also till now been most un-

unsatisfactory. Heads of Departments have been given the latitude of corresponding with manufacturing firms direct and obtaining quotations and of preparing estimates based on those quotations which the Government have sanctioned without any further scrutiny. These estimates have again been subjected to revision in the course of which, the amounts originally sanctioned have been exceeded considerably by the actual invoices. These features are common both to the indents from the Public Works Department and the Railways, from the Electrical, Industries and Commerce Stamps and Stationery, Medical, Educational and other Departments. It is to be inferred that the selection of suitable articles of the best make and for the most advantageous prices is jeopardized by the method now in vogue. Any one conversant with trade practices in London will know that the export business so long as it passes through official channels of this description trade is not always a sound one and there are chances of considerable loss owing to excess expenditure which the State has to pay for its requirements. In the Engineering trade especially, commission is a well known factor in having regard to the very large sums that are allotted in every year's budget for importing goods of all descriptions from Europe and America, it has become absolutely necessary to consider whether, following the Government of India before proposal it is not urgently necessary to establish an official Agency in London headed by a Commissioner for the Mysore Government. In the Railway Department at present, there is an understanding to pay 2½ per cent commission to the Southern Mratta Railway Co., for the purchase of all materials, workshop plant, engines, rolling stock, etc; and on the probable estimate of requirements per annum during the past three years, it is safe to assert that at least 5 to 6 lakhs of rupees would be spent in this direction. Under the Iron Scheme Tramway materials upto about 2 to 3 lakhs per annum will be required during the next three years.

Taking roughly the expenditure already being incurred

by way of commission payable to Mullins, Jeremiah Lyons and Co., Thurlow Nutcha Bailey, etc., and the enhanced prices of the quotations that are now submitted to Government officers corresponding direct with manufacturing firms, such as General Electric Company, etc., I may add that there would, otherwise, be little the ysore Government could do to combat under existing arrangements the present services of their prices ruling there which are very small come to about 7,500 pounds per annum. To this is to be added the additional money value of the proper handling of store purchase in London alone the state at present seems to lose about 20 lakhs of rupees. The fixing up of prices for the whole of India would also may give the state an additional revenue which it is now not deriving, partly out of touch with the current conditions in the London market.

An estimate of the amounts to be derived by the establishment of a Mysore Commissionership in London, to put it at a moderate figure, is about £ 10,000 a year. And it is possible that it one stroke in a single transaction, the Government would be saved several lakhs of rupees loss or gain several lakhs of rupees in additional revenue.

As a result of my discussion that the Mysore Government desired to give me an interview, I represented there to the Mysore in person and I received instructions to submit form with a scheme of this nature for his kind consideration. At the present juncture, it is not an exaggeration to say that supposing such an agency existed in London, we should have been relieved of a considerable anxiety in regard to the serious financial position in which we were placed owing to the depreciation of the sterling credit. It is in a matter which I repeatedly brought to notice from London in several communications to Government as in which I took a personal responsibility of direct action with the London Bankers of the Government,

essrs: Coutts & Co. Through transaction, I can surely calculate that at one stroke of the pen, I am able to secure an extra revenue of nearly £ 4,000 per annum on interest alone- and had my original recommendations been approved, when I first gave them to the Financial Secretary, they would have brought £ or 4 thousand pounds more. Further, the bankers themselves have, on pressure being brought on them raised their ordinary interest on the daily balance by one-fourth per cent, the day before I left London. These circumstances go to show that events may crop up every now and then, requiring the interference of an officer of high status invested with sufficient authority to deal with any financial problems. At the present moment there is a very large accumulated sterling credit in favour of the Mysore Government lying idle in London, in respect of which, the net loss that has accrued to the finances of Mysore may be estimated at over 25 lakhs. With a view to minimize this loss, it is suggested that that credit may be utilised for the purchase of either gold sovereigns or bullion to be imported into India and sold at our risk in the open market and the Government of India have permitted us to import bullion and a communication has been made requesting permission to import sovereigns. In regard to this transaction alone, it is absolutely necessary to secure the expert advice of financiers in London, and should our bankers not through our own official representative so that the transaction that may ultimately be effected, may be free from all undue influences and that the Mysore Government the ultimate benefit that they expect to derive from the transfer. All these considerations more than justify the proposition that at least for several years to come, it is absolutely necessary that the Mysore Government should entrust all important foreign business whether it is commercial or financial or political, to the hands of a well-paid administrative officer of the highest status that it can select to look after their interests and carry out all

business under his direct control. There is also the double advantage of a par-ro[illegible] in character that may be derived from such an arrangement, viz., that when a more Commission is established in London, to this may be attached young officers of high promise and administrative ability in the different sections thereof for necessary training and experience. Engineering officers of the rank of Executive Engineers may be put in charge of the Engineering section, Civil Service officers may be put in charge of the Political section and officers of the Economic Conference or the Industries and Commerce Department may be put in charge or attached to the Commercial section. These may be selected for a period of three years at a time and the whole scheme of the recruitment of Government officers for training abroad may be worked through this Foreign Commission abroad. I can see, and this is no theory, the expenses to Government may be considerably curtailed. This Commission may exercise adequate supervision over the officers deputed and the whole scheme of foreign scholarships may be better systematised.

There are several other minor matters which may also be elaborated in course of time as experience is gained. In regard to all Commercial and Foreign Trade questions, it may be necessary to attach to this Commission, a pair of merchants belonging to Mysore, so that they may establish a House under the direct supervision of the official representative and thereby establish connections in foreign trade between Mysore and the outside world. The object should eventually be to transfer gradually all Commercial dealings between Mysore and outside to Mysore Commercial representatives in other trade centres of the world but it is not to be expected that at the present stage, men of sufficient capital or outside experience will be forthcoming to undertake this task. While, therefore, the scheme provides for the protection of Government interests, ~~of~~ the political

promotion of its financial interests and the prevention of serious losses in revenue and saving of considerable unnecessary expense by way of commission which it now pays in direct and several indirect ways. It also provides for the adequate training ground of young Mysore officers in London where they may be utilized for work in the branches to which they are attached in the general administration. It further gives the commercial communities of Mysore, an opportunity to go abroad and get into touch with trade conditions in Europe with a view to help them later on to establish commercial connections between the State and the outside world. In fact, the Mysore official representative will be a sort of Trade Commissioner in London and also perform the functions of the High Commissioner for British India.

Taking therefore the scheme from every point of view, taking also into consideration the fact that no time is more opportune than the present for establishing such a Commission on the model of the scheme that has been sanctioned by the Government of India and the one Government for the whole of British India, I strongly urge that orders may be passed forthwith for the appointment of such a Commission which may roughly consist of the following officers:-

One Commissioner for Mysore, and under him there will be three officers one for each of the three Departments of the F.A.D., General Civil Service, and the Economic Conference or the Industries and Commerce. No clerical or other staff need be appointed from here.

The total cost of the scheme may be roughly estimated in rupees as follows:-

Cost of the Commissioner & his staff.	Rs.50,000
Cost of the Engineering section.	10,000
Cost of the Political section.	15,000
Cost of the Commercial section.	15,000
Contingencies, etc.	5,000
Total...	1,00,000

As against this, can be set off immediately -

Payment of Commission to Whitfin & Co.	}	The existing arrangements to cease.
-do- to S.M. Railway Co.	}	

and all other incidental charges now being incurred in various directions and losses sustained.

I may safely assert that by spending a lakh of rupees a year, the State may very easily hope to make at least 3 to 5 lakhs of rupees net, including additional revenue and savings. After Sir Alfred Chatterton's contract expires 2½ years hence, the charge of nearly Rs.6,000 per mensem or about £ 7,200 per annum will also be a net savings under the scheme.

In the selection of the officer for the Chief Commissionership for Mysore, it is necessary to bear in mind the possibilities of all kinds of undue pressure that may be brought to bear on the arrangement itself by interested parties in London. He must be above all such suspicion, he must have considerable experience of public administration in all its branches and he must be able to command sufficient respect in the public life of England by virtue of his status. I have not made much reference to political work in this connection but it may be left to the imagination of the Mysore Government to foresee the possibilities of advantage that the State may derive by such a connection at the seat of the Imperial Government that Mysore may be able to establish for itself in this manner.

I may mention incidentally that Sir A. Chatterton expressed his willingness to take up such a position if offered to him. I do not know if I should mention ~~any excuse~~ my own case but I can confidently say that should his lordship select me, I shall be willing to take up the work on my present net pay (the State paying pensioner contribution as now and British Income-tax). By so deputing me, the State will

also affect net economy in the pay of officers of Council, for, the cost of the pay etc., is a extra cost being less than what the State now pays for Agency Commission and other items.

A few names are suggested for the Commission Staff:- to be changed every two years -

ENGINEERING SECTION.	POLITICAL SECTION.	ECONOMIC OR COMMERCIAL SECTION.
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Mr.Thore, or	Mr.K.Matthan, or	Mr.A.J.D'Souza.
Mr.P.Sitharamachar; or	Mr. Madhava Rao, or	Prof.Shah.
Mr.S.Srinivasa Iyer.	Mr.Rammathan.	Mr.V.Ranganatha Rao Saheb.

I request that orders may be passed early on these proposals so that consequential changes may be made in the commercial arrangements and other ancillary arrangements in the different departments of the State and all the details worked out to enable the scheme to commence its operations early next official year.

12.4.24.